

SENATE BILL 202

B2

0lr0158
CF HB 171

By: **The President (By Request – Administration)**

Introduced and read first time: January 21, 2010

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 28, 2010

CHAPTER _____

1 AN ACT concerning

2 **Creation of a State Debt – Aging School Program – Qualified Zone Academy**
3 **Bonds**

4 FOR the purpose of authorizing the creation of a State Debt in the amount of
5 \$4,543,000, the proceeds to be used as a grant to the Interagency Committee on
6 School Construction for certain development or improvement purposes;
7 providing for disbursement of the loan proceeds and the allocation of funds to
8 eligible school systems, subject to a requirement that the grantee document the
9 provision of a required federal matching fund; providing that, after a certain
10 date, any bonds authorized under this Act shall be cancelled and be of no
11 further effect; requiring that a certain monetary amount of indebtedness
12 incurred on behalf of the State through this Act shall be allocated in accordance
13 with a certain provision of law relating to the Aging School Program; providing
14 that the proceeds of the loan under this Act shall be expanded not later than a
15 certain number of years after the issuance of the bonds authorized under this
16 Act; authorizing the Board of Public Works to sell certain bonds at certain sales
17 in proportion to the documented matching fund; and providing generally for the
18 issuance and sale of bonds evidencing the loan.

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That:

21 (1) The Board of Public Works may borrow money and incur indebtedness on
22 behalf of the State of Maryland through a State loan to be known as the Aging School
23 Program – Qualified Zone Academy Bonds Loan of 2010 in a total principal amount of

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 \$4,543,000. This loan shall be evidenced by the issuance, sale, and delivery of State
2 general obligation qualified zone academy bonds, as defined in § ~~1307E(d)(1)~~ 54E of
3 the Internal Revenue Code of the United States, as amended, authorized by a
4 resolution of the Board of Public Works and issued, sold, and delivered in accordance
5 with §§ 8–117 through 8–124 of the State Finance and Procurement Article and
6 Article 31, § 22 of the Annotated Code of Maryland, and ~~§ 1307E~~ §§ 54A and 54E of the
7 Internal Revenue Code, as amended.

8 (2) The bonds to evidence this loan or installments of this loan may be sold
9 as a single issue or may be consolidated and sold as part of a single issue of bonds
10 under § 8–122 of the State Finance and Procurement Article. Notwithstanding ~~§ 8–123~~
11 §§ 8–123 and 8–124 of the State Finance and Procurement Article, the Board of Public
12 Works may sell the bonds authorized herein at one or more private sales that best
13 meet the terms and conditions of sale set by the Board. The bonds authorized under
14 this Act shall be issued and sold no later than December 31, 2010.

15 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
16 and first shall be applied to the payment of the expenses of issuing, selling, and
17 delivering the bonds, unless funds for this purpose are otherwise provided, and then
18 shall be credited on the books of the Comptroller, and held separately in a qualified
19 zone academy bond account, and expended, on approval by the Board of Public Works,
20 for the following public purposes: as a grant to the Interagency Committee on School
21 Construction (referred to hereafter in this Act as “the grantee”) for allocation to
22 eligible school systems under the Aging School Program for the renovation, repair, and
23 capital improvements of qualified zone academies, as defined in § ~~1307E(d)(4)(A)~~
24 54E(d)(1) of the Internal Revenue Code, as amended, and in accordance with the Aging
25 School Program of the Interagency Committee on School Construction, as provided
26 under § 5–303 of the Education Article of the Annotated Code of Maryland.

27 (4) An annual State tax is imposed on all assessable property in the State in
28 rate and amount sufficient to pay the principal of and interest, if any, on the bonds as
29 and when due and until paid in full. The principal shall be discharged within 15 years
30 after the date of issuance of the bonds.

31 (5) (a) The grantee shall document the provision of a matching fund as
32 provided in this paragraph.

33 (b) No part of the matching fund may be provided, either directly or
34 indirectly, from funds of the State, whether appropriated or unappropriated. No part
35 of the fund may consist of real property. The fund shall consist of private business
36 ~~contributions, which may consist of funds or in-kind contributions,~~ contributions
37 required under § ~~1307E(d)(2)~~ 54E(b) of the Internal Revenue Code, as amended, and
38 may consist of funds or in-kind contributions. In case of any dispute as to what money
39 or assets may qualify as matching funds, the Board of Public Works shall determine
40 the matter and the Board’s decision is final.

1 (c) The grantee shall present evidence to the satisfaction of the Board
2 of Public Works of the provision and documentation of the matching fund, and the
3 Board of Public Works shall authorize the sale of the bonds in proportion to the
4 documented matching fund and the disbursement of the proceeds ~~of the grant under~~
5 ~~the provisions of this Act~~ for the purposes set forth in Section 1(3) above.

6 ~~(d) As the grantee documents the provision of the matching fund and~~
7 ~~meets other requirements of § 1397E of the Internal Revenue Code, as amended, the~~
8 ~~Board of Public Works shall authorize the disbursement of an installment of the~~
9 ~~proceeds of the grant in proportion to the matching fund documented at that time by~~
10 ~~the grantee.~~

11 ~~(e) This method of documentation of the matching fund shall continue~~
12 ~~until the first to occur of the disbursement of the total amount of the grant or June 1,~~
13 ~~2012.~~

14 ~~(f) The grantee has until June 1, 2012, to present the final evidence~~
15 ~~satisfactory to the Board of Public Works that the total matching fund will be provided~~
16 ~~and documented. If satisfactory evidence is presented, the Board shall certify this fact~~
17 ~~to the State Treasurer, and the final proceeds of the loan proportional to the final~~
18 ~~installment of the matching fund shall be expended for the purposes provided in this~~
19 ~~Act. After June 1, 2012, any amount of the loan that has not been authorized by the~~
20 ~~Board of Public Works for disbursement shall be canceled and be of no further effect.~~

21 (6) After December 31, 2010, any bonds authorized under this Act that have
22 not been issued and sold by the Board of Public Works shall be cancelled and be of no
23 further effect.

24 (7) \$1,000,000 of any indebtedness incurred on behalf of the State of
25 Maryland through the Aging School Program – Qualified Zone Academy Bonds Loan of
26 2010 shall be allocated as provided in § 5-206(f) of the Education Article.

27 (8) The proceeds of the loan shall be expended for the purposes provided in
28 this Act not later than 3 years after the issuance of the bonds authorized under this
29 Act.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 June 1, 2010.